

UTAH HOUSING CORPORATION
Minutes of Special Meeting

May 21, 2015

PARTICIPANTS

Trustees:

Douglas DeFries, Chair
Kay Ashton, Vice Chair
Richard Ellis, Trustee
Ed Leary, Trustee
Mark Cohen, Trustee
Robert Whatcott, Trustee

Staff:

Grant Whitaker, UHC President and CEO
Cleon Butterfield, UHC Senior Vice President and CFO
Jonathan Hanks, UHC Senior Vice President and COO
Lindsay Bunker, Executive Assistant

Guests:

Fred Olsen, Ballard Spahr, LLP
Ryan Warburton, Ballard Spahr, LLP
Preston Olsen, Ballard Spahr, LLP
Robert Hynote, Wells Fargo
Barry Gottfried, Wells Fargo
Tom Berggren, Jones Waldo
Stan Dirks, Orrick Herrington & Sutcliffe

Trustees of the Utah Housing Corporation (UHC or Utah Housing) and UHC staff met in a Special Meeting on May 21, 2015, at 7:30 AM MDT in person at the Inn at Entrada, 2588 W. Sinagua Trail, St. George, Utah.

The meeting was called to order by Chair, Doug DeFries. The Chair then determined for the record that a quorum of Trustees was present, as follows:

Douglas DeFries, Chair
Kay Ashton, Vice Chair
Richard Ellis, Trustee
Ed Leary, Trustee
Mark Cohen, Trustee
Bob Whatcott, Trustee (via teleconference)

The Chair excused the following Trustees:

Lucy Delgadillo, Trustee
Lerron Little, Trustee
Jon Pierpont, Trustee

Mr. DeFries began by welcoming the participating Trustees and staff. The Chair introduced President and CEO, Grant Whitaker and announced that he would be taking the Trustees through the Board Packet.

Mr. Whitaker reported that the Notice of the Special Meeting was given to all Trustees of Utah Housing and that material addressing the agenda items had been distributed to the Trustees in advance of the meeting.

Mr. Whitaker then acknowledged a Verification of Giving Notice, evidencing the giving of not less than 24 hours public notice of the date, time, place and summary of agenda of the Utah Housing Corporation Special Meeting in compliance with the requirements of the Open and Public Meetings Act, Section 52-4-202, Utah Code Annotated 1953, as amended; together with the form of Notice of Special Meeting referred to therein; and also the required public notice of the 2015 Annual Meeting Schedule of Utah Housing will be entered into the Minutes.

The Chair called for the first agenda item.

Approval of the Minutes of March 17, 2015, Special Meeting

The Trustees had been provided with a copy of the written minutes of the March 17, 2015, Special Meeting in their board packets. The Trustees acknowledged they had sufficient time to review these minutes. Mr. DeFries asked for any discussion on the March 17, 2015, minutes as presented.

Following any discussion, the Chair called for a motion.

**MOTION: TO APPROVE THE WRITTEN MINUTES OF THE
SPECIAL MEETING OF MARCH 17, 2015.**

Made by: Mark Cohen
Seconded by: Kay Ashton
Vote: Unanimous approval

The Chair called for the next agenda item.

Resolution 2015-08 Authorizing the issuance of not to exceed \$150,000,000 Tax-Exempt MBS Backed Securities

RESOLUTION 2015-08

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING THE ISSUANCE AND SALE OF SINGLE FAMILY TAX-EXEMPT MBS BACKED SECURITIES; AUTHORIZING THE EXECUTION OF GENERAL AND SERIES INDENTURES, MORTGAGE PURCHASE AGREEMENTS, DISCLOSURE STATEMENTS, MASTER SECURITIES FORWARD TRANSACTIONS AGREEMENTS, BOND PURCHASE AGREEMENTS AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE

TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND
RELATED MATTERS.

Mr. DeFries introduced Resolution 2015-08 authorizing the issuance of not to exceed \$150,000,000 Tax-Exempt MBS Backed Securities. He then asked Grant Whitaker to begin the discussions.

Mr. Whitaker began by explaining that Resolution 2015-08 approves a transaction much like Resolution 2014-02 approved by the Board in January of this year. It approves the issuance of Tax-Exempt securities backed by Mortgage Backed Securities that is a source of funding for UHC's FirstHome Loan production. He noted that 47% of 2015 loan reservations have been for the FirstHome product. At current reservation levels, we have less than 2 months of production in authority remaining. Reservation levels have never been greater. Mr. Whitaker said as an example reservations taken on Wednesday of this week for first Home were over \$3,700,000. Authorizing an additional \$150,000,000 should be sufficient to take us to the July 30th Board Meeting when we can next address funding capacities

Mr. Whitaker remarked that Resolution 2015-08 is a little broader than others approved for Tax Exempt GNMA backed Securities. It authorizes a new General Bond Indenture with more flexibility. It allows for trades of the Tax Exempt Securities to others in addition to Wells Fargo Bank. It allows for the Tax Exempt Securities to be backed by GNMA, Fannie Mae and Freddie Mac MBS.

The resolution limits the 1st mortgage rate so that it may not exceed 5.5%. He noted that the current rate First Home is offered at is 3.88%, so there is room for market movement should that occur.

The resolution authorizes UHC general funds to be used for 2nd mortgages at up to 6% of 1st mortgage amount and at a rate which is 2% higher than 1st mortgage rate on each mortgage. The Program limits are the same as previously approved.

Mr. Whitaker concluded by stating that approval of the resolution will enable Utah Housing to keep its production levels high and serve its mission. He recommended approval of Resolution 2015-08.

Mr. DeFries asked if there was any further discussion or questions regarding Resolution 2015-08. With no further discussion Mr. DeFries called for a motion to adopt the resolution.

**MOTION: TO APPROVE RESOLUTION 2015-08 AUTHORIZING
THE ISSUANCE OF NOT TO EXCEED \$150,000,000 TAX-
EXEMPT MBS BACKED SECURITIES**

Made by: Richard Ellis
Seconded by: Kay Ashton

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Richard Ellis	No interest to disclose
Ed Leary	No interest to disclose
Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Whatcott	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing that it includes current pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Following further discussion, Mr. DeFries called for a vote in this matter:

Vote: Approved Unanimously

The Chair called for the next agenda item.

Resolution 2015-09 Authorizing UHC to Enter into a Master Transaction Agreement with the Federal Home Loan Bank of Des Moines to Provide Warehousing Financing

RESOLUTION 2015-09

A RESOLUTION OF UTAH HOUSING CORPORATION (“UHC”) AUTHORIZING UHC TO ENTER INTO A MASTER TRANSACTION AGREEMENT WITH THE FEDERAL HOME LOAN BANK OF DES MOINES TO PROVIDE WAREHOUSE FINANCING FOR THE PURCHASE OF SINGLE FAMILY MORTGAGE LOANS; AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH AGREEMENT, AN ADVANCES, PLEDGE AND SECURITY AGREEMENT AND ALL OTHER NECESSARY DOCUMENTS REQUIRED IN CONNECTION THEREWITH AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND RELATED MATTERS.

Mr. DeFries introduced Resolution 2015-09 authorizing UHC to enter into a Master Transaction Agreement with the Federal Home Loan Bank of Des Moines. He then asked Grant Whitaker to begin the discussions.

Mr. Whitaker began by stating that our total loan reservations in 2015 to date are \$297 million which is \$76 million ahead of 2014 as of this date. Resolution 2015-09 Master Transaction Agreement with the Federal Home Loan Bank of Des Moines approves a transaction much like

those approved with UBS Bank USA, and Synchrony Bank most recently approved by the Board at its December 11, 2014 meeting.

The revolving Line of Credit provides UHC with a short term source of capital with which to purchase mortgage loans from participating lenders before the loans are packaged into an MBS or a bond. He noted that a few months ago Utah Housing began purchasing loans every working day vs. a couple times per week. We are also reserving loans to refinance our own first mortgages. Reservation levels have never been greater, with 11 of the last 13 weeks in excess of \$15 million compared to a total of only 3 previous weeks with reservations exceeding \$15 million before this current run. He noted that Monday reservations exceeded \$7 million alone.

Lines of credit from UBS & Synchrony total \$150 million. He stated that we've used each of them regularly and that with production levels as high as we have seen, and the use of our funds for the second mortgages, liquidity could become an issue without additional lines of credit.

Mr. Whitaker explained that after loans are purchased, UHC earns the long term note rate (3-7/8% to 5% today) less the cost of the short term money borrowed under the lines of credit, so it remains profitable even during the short time the loans are held by Utah Housing before being placed into an MBS or bond issue.

He further commented that Utah Housing first uses its own liquid capital, only forfeiting the interest earnings from the State Treasurer's Pool currently at .54% (about one-half of one percent). Borrowing costs on the other lines of credit is based on a spread to LIBOR, with a minimum of 85 bps. So we use our own money when we can so that we get a greater margin until the loan is sold. Our expectation is that the FHLB rate will be comparable.

Under the terms of the agreement, we pay no fees to or expenses of Federal Home Loan Bank for the transaction, and there are no penalties for non-use. Unlike the other lines of credit, UHC must pledge collateral to the FHLB like Member Banks do. UHC is an Associate Member. 2nd mortgages may be the collateral that is pledged.

Mr. Whitaker concluded by stating that approval of the resolution will enable Utah Housing to keep its production levels high and serve its mission. He recommend approval of Resolution 2015-09.

Mr. DeFries asked if there was any further discussion or questions on Resolution 2015-09. With no further discussion Mr. DeFries called for a motion to adopt the resolution.

**MOTION: APPROVE RESOLUTION 2015-09 AUTHORIZING UHC
TO ENTER INTO A MASTER TRANSACTION
AGREEMENT WITH THE FEDERAL HOME LOAN
BANK OF DES MOINES TO PROVIDE WAREHOUSING
FINANCING**

**Made by: Kay Ashton
Seconded by: Bob Whatcott**

Mr. DeFries asked for disclosures of potential conflicts before the vote was taken. Each Trustee was called on and they responded as follows:

Richard Ellis	No interest to disclose
Ed Leary	No interest to disclose
Douglas DeFries	Yes, as filed with UHC
Kay Ashton	Yes, as filed with UHC
Mark Cohen	Yes, as filed with UHC
Robert Whatcott	No interest to disclose

The President confirmed that each of those Trustees who so indicated such interest had a Disclosure of Potential Interest statement on file with Utah Housing, that it includes current pertinent information regarding his or her potential interests and that those statements are available for inspection and would be incorporated into the minutes by reference.

Mr. DeFries called for a vote in this matter:

Vote:	Approved Unanimously
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The Chair called for the next agenda item.

Other items of Business

Following the other items of business The Chair adjourned the meeting.